

the announcement that it would receive support from the other Edinburgh banks on condition of winding up. This pressure came, not from any demand for gold, but from large tradesmen who transferred their accounts to other banks in order to establish banking relations for the future.<sup>1</sup> The bank was unable to settle the heavy exchanges which were thus created against it in the settlement with the associated banks.

It was not until Sunday, November 8th, that the other banks resolved to refuse the notes of the Western Bank in consequence of its inability to settle its exchanges, and the demand for gold became more marked on Monday and Tuesday. The Western Bank closed on Monday and a genuine panic was directed for a day and a half against the City of Glasgow Bank, because it had been guilty of the same negligence as the Western Bank regarding the keeping of its reserve in London. The bank was obliged to close on Wednesday, but the demand for gold was almost entirely confined to depositors and very few note-holders came forward to demand payment of their notes. Large remittances of gold arrived from London on Wednesday and Thursday, the run on the banks ended on Wednesday afternoon, and the people seemed to retain the same confidence as ever in the other banks and received the notes even of the Western Bank when the other banks agreed to again receive them. When the City of Glasgow Bank failed in 1878, it was only necessary for the other banks to announce that they would continue to receive its notes, as usual, to put an end to all uneasiness on the score of the notes. If the banks on these occasions had not been allowed to issue notes, the entire demand for

<sup>1</sup> The same tendency to substitute the note obligations of the bank for a deposit account was shown in British North America after the failure of the Commercial Bank of Manitoba on July 3, 1893. The reason in this case for preferring notes was the fact that they were made by the Canadian banking act of 1890 a perfectly secured first lien upon the assets. The banks receiving these notes were willing to hold them for a time, at the request of the liquidator, because they bore six per cent interest until paid.—Breckenridge, 394-95.